

May 31, 2011

California Employers' Retiree Benefit Trust (CERBT) Fund

Objective

The investment objective of the California Employers' Retiree Benefit Trust Fund (The Fund) is to seek favorable returns that reflect the broad investment performance of the financial markets through moderate capital appreciation and through investment income. The Fund utilizes the concept of diversification through asset allocation. It is designed to carry a lower level of risk than a portfolio consisting entirely of common stocks. There is no guarantee the Fund will achieve its investment objective.

Strategy

The Fund is managed in accordance with the CalPERS Board-approved asset class target allocations listed below and is strategically designed for a moderately-aggressive balance between stocks and bonds within a prudent level of risk and liquidity. The objective of stocks is to help build the value of your portfolio over the long term while the objective of bonds is to provide income and stability of principal. The Fund also invests in other asset classes for diversification.

About the Fund's Benchmark

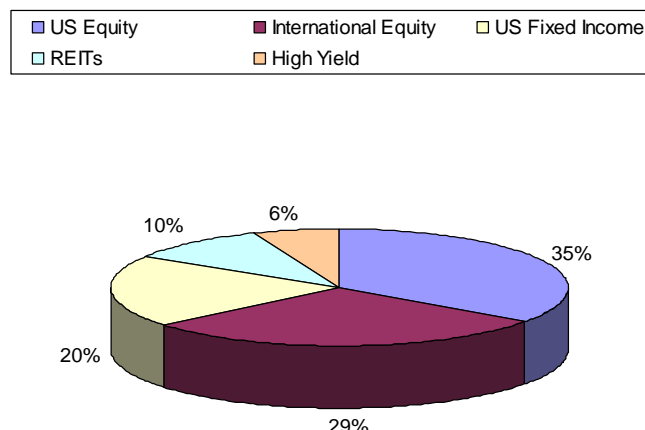
The Fund's benchmark is a composite benchmark composed of the underlying asset class benchmarks weighted by asset class policy targets.

Composition

Composition of the Fund is as follows:

Asset Class Target Allocations	
U.S. Equity	35%
International Equity	29%
U.S. Fixed Income	20%
Real Estate Investment Trusts (REITs)	10%
High Yield Bond/Fixed Income	6%
Cash	0%

CalPERS CERBT Target Allocation



Performance as of May 31, 2011

Past performance does not indicate future results	Fund Gross Return	CalPERS CERBT Benchmark Gross Return
3 Months	2.28%	2.29%
Fiscal YTD (7/1-6/30)	26.79%	26.61%
1 Year	24.34%	24.26%
3 Years	1.99%	1.99%
Inception To Date (6/1/07)	1.64%	0.87%

Performance data shown represents past performance and is no guarantee of future results. The investment return and principal value of an investment will fluctuate so that an employer's account balance, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than the performance data shown above.

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What Employers Own

Each employer owns a percentage of the Fund. The Fund is invested in pooled asset class portfolios managed by CalPERS. Employers do not have direct ownership of the securities in the portfolio.

Price

The value of the Fund changes daily, based upon the market value of the underlying securities. Just as prices in individual securities fluctuate, the Fund's value changes with market conditions.

Information Accessibility

Since the Fund is not a mutual fund, information is not available from a newspaper source. Instead, CalPERS provides an annual statement of your account.

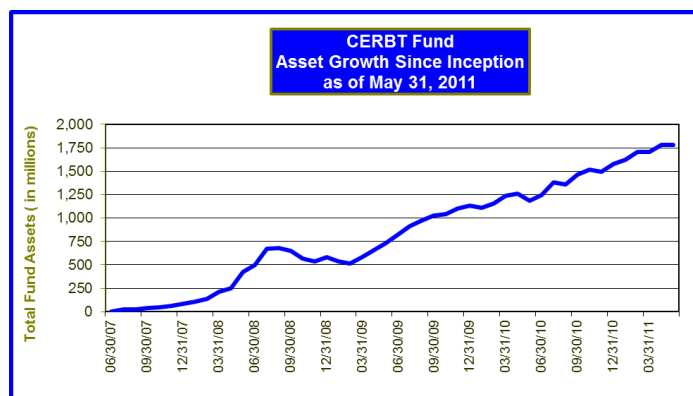
Prospectus Information

The Fund consists of assets managed internally by CalPERS. Because it is not a mutual fund, a prospectus is not available. This summary is designed to provide descriptive information.

Fund Assets: as of May 31, 2011

Total assets under management in the Fund is \$1,783,904,405.

Assets Under Management Chart



Expenses

Expenses are an important aspect of investing. To pay for the administration and management of the Fund, each employer is charged a fee, which is calculated as a percentage of the amount the employer has in the Fund. Even if the Fund loses money during a period, the fee is still charged. Although an annual fee may seem relatively small, its effect on performance over time can be substantial. The CalPERS Board annually reviews the fees and operating expenses and changes may be made if appropriate.

Expenses for the Fund are calculated at fiscal year-end based on the average daily balances of all assets contained within the Fund. These expenses are accrued during the year, then applied after fiscal year-end valuation. Costs applied to each employer will represent their percentage of the assets held in the Fund.

Portfolio Manager Information

Since the 1930s, investments by CalPERS have provided income (in the form of interest, dividends, and capital gains) for its members. The Fund is managed by CalPERS Investment Office staff.

An investment in the Fund is not a bank deposit, and it is not insured nor guaranteed by the Federal Deposit Insurance Corporation (FDIC) or any other government agency.

For current performance information, including performance to the most recent month-end, investment policy, and detailed asset allocation, please visit our website at www.calpers.ca.gov.

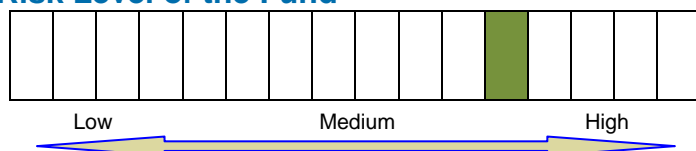
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Additional Disclosures

A Note About the Fund's Risk

The Fund's risks depends in part on the Fund's asset class allocations and the selection, weighting and risks of the underlying investments. The degree to which the following risks apply to the Fund may vary according to the Fund's asset allocation: allocation risk, market risk, interest rate risk, credit risk, foreign risks such as political risk and principal loss.

Risk Level of the Fund



What are the Fund's principal risks?

The degree to which the risks described below apply to the Fund may vary according to the Fund's asset allocation.

Allocation Risk – The Fund's ability to achieve its investment objective depends in part on the managers determining the Funds' sector allocations and in selecting and weighting the underlying funds. The managers' evaluation and assumption regarding asset classes and underlying funds may differ from actual market conditions.

Market Risk – The value of the Fund's shares will go up and down based on the performance of the underlying funds in which it invests. The value of the underlying funds' shares will, in turn, fluctuate based on the performance of the securities they own and other factors generally affecting the securities market.

Interest Rate Risk – Generally, when interest rates rise, the value of an underlying fund's fixed income securities will decline. The opposite is true when interest rates decline.

Credit Risk – The value of an underlying fund's fixed income securities will be adversely affected by any erosion in the ability of the issuers of these securities to make interest and principal payments as they become due.

Foreign Risk – Some of the underlying funds invest in foreign securities, which are generally riskier than U.S. securities. As a result, the Fund is subject to foreign risk, meaning that political events (such as civil unrest, national elections and imposition of exchange controls), social and economic events (such as labor strikes and rising inflation), and natural disasters occurring in a country where the funds invest could cause the Funds' investments in that country to experience gains or losses.

Principal Loss – At any given time an employer's shares may be worth less than the price paid for them. In other words, it is possible to lose money by investing in the Fund.